Overview of current activities and the 2010-12 plan that is based on our key strengths and capabilities

Zoltán Áldott
President of INA Management Board
Executive Vice President of MOL Exploration and Production
May 27, 2010

Highlights of Exploration & Production activities

- More than 7 decades of exploration and production experience in CEE region with more than 300 oil and gas fields discovered
- E&P activities in 15 countries with production in 7 countries
  - Significant reserve and production base with further exploration potential in the CEE region
  - Well-positioned player in the Middle East/Central Asia with major development projects in Russia, Pakistan, Syria and Kurdistan region of Iraq
- Exploration drilling success rate between 65%-75% in recent years and increasing exploration spending in the forthcoming years
- One of the most cost efficient operators amongst European players
- In-house drilling and oil service companies

Reserves breakdown – 2009*

Production breakdown – 2009**
Strong EBITDA generation, increasing investment

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA* (USD bn)</td>
<td>0.9</td>
<td>1.1</td>
</tr>
<tr>
<td>CAPEX** (USD bn)</td>
<td>0.4</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Production (boe/day)*****: 86,300 to 135,500
2P SPE Reserves (million boe)****: 352.3 to 665.1

EBITDA (2012) – USD 2.5 bn
- Growing contribution to the Group level EBITDA
- Increase production to 140-145 tbhe/d to 2012
- More favourable production mix

CAPEX (2010-12) – USD 2.6 bn
- Focus on high return development projects
- Exploration targeting significant resource base
- Key regions: Syria, Hungary, Kurdistan, Croatia and Russia

MOL Group systematically built its E&P portfolio in recent years,…

Portfolio building since 2005
- Strong focus on adding further exploration potential to the portfolio
- 15 international exploration licenses added to the portfolio since 2005 through systematic portfolio building and acquisition of INA
- Unit price of producing assets became more expensive due to increasing hydrocarbon prices after 2004
- Acquisition of 10% share in Pearl Petroleum Company in 2009, when oil and asset prices were stressed

Focused and accelerated capability development
- Exploration and development of HC reservoirs in complex geological environments
- Investigation of up-to-date exploitation and production technologies, IOR/EOR/EGR solutions
- New seismic processing technologies adopted in order to raise the probability of success on geologically complex areas
- Geological and engineering preparation of low calorific gas utilization projects has been initiated.
- Adaptation of new lifting technologies
...as a result: we currently have production activities in 7 countries...

**CEE offshore**
- **Croatia**
  - Reserves: 65.0 MMboe
  - Production: 14,140 boepd

**Syria**
- **Hayan Block**
  - Reserves: 55.9 MMboe
  - Production: 4,110 boepd

**Other International**
- **Egypt**
  - Ras Qattara, West Abu Gharadig, North Bahariya, Sidi Rahman
  - Reserves: 50 MMboe
  - Production: 2,040 boepd

**Angola**
- 3/05 Block, 3/85 Block, 3/91 Block
  - Total reserves: 10.6 MMboe
  - Total production: 3,860 boepd

**Kazakhstan**
- **Federovskoye**
  - Recoverable resource potential*: 50 MMboe

**Syria**
- **Aphamia Block**
  - Recoverable resource potential*: 10 MMboe

**Kurdistan Region of Iraq**
- **Akri-Bijeel, Shaikan**
  - Recoverable resource potential*: 590 MMboe

...and pursuing exploration activities in 15 countries...

**CEE offshore**
- **Croatia**
  - **INAgip, EdINA**
    - Recoverable resource potential*: 15 MMboe

**Kazakhstan**
- **Federovskoye**
  - Recoverable resource potential*: 50 MMboe

**Syria**
- **Aphamia Block**
  - Recoverable resource potential*: 10 MMboe

**Kurdistan Region of Iraq**
- **Akri-Bijeel, Shaikan**
  - Recoverable resource potential*: 590 MMboe

**CEE onshore**
- **Croatia, Hungary**
  - Reserves: 373.4 MMboe
  - Production: 91,950 boepd

**Russia**
- **ZMB**
  - Reserves: 43.2 MMboe
  - Production: 14,970 boepd
- **Baltugan**
  - Reserves: 63.6 MMboe
  - Production: 3,040 boepd
- **Matjushkinskiy Block**
  - Reserves: 30.5 MMboe
  - Production: 2,040 boepd
- **Surgut-7 Block**
  - Reserves: 9.1 MMboe

**Pakistan**
- **Tai Block**
  - Reserves: 13.8 MMboe
  - Production: 1,400 boepd

**Other International**
- **Cameroon, Angola, Namibia, Egypt, Yemen, Oman, India**
  - Recoverable resource potential*: 500 MMboe

Note: SPE 2P reserves. Reserves and production of non-consolidated projects are not highlighted.

Note: further potential from non-consolidated projects, service contracts and unconventional projects.

* working interest recoverable resources to be drilled in 2010-12
Detailed production & reserves breakdown

**Reserves by country**

<table>
<thead>
<tr>
<th>Country</th>
<th>SPE 2P Reserves (MMboe)</th>
<th>Pro-forma Joint Production (MMboe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>300</td>
<td>200</td>
</tr>
<tr>
<td>Croatia</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>Russia</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>Syria</td>
<td>50</td>
<td>25</td>
</tr>
<tr>
<td>Pakistan</td>
<td>25</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>750</td>
<td>470</td>
</tr>
</tbody>
</table>

**Production by country**

<table>
<thead>
<tr>
<th>Country</th>
<th>Production (Thboepd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>700</td>
</tr>
<tr>
<td>Croatia</td>
<td>300</td>
</tr>
<tr>
<td>Russia</td>
<td>100</td>
</tr>
<tr>
<td>Syria</td>
<td>50</td>
</tr>
<tr>
<td>Pakistan</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>1,270</td>
</tr>
</tbody>
</table>

**Reserves by product**

<table>
<thead>
<tr>
<th>Product</th>
<th>SPE 2P Reserves (MMboe)</th>
<th>Pro-forma Joint Production (MMboe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil</td>
<td>200</td>
<td>150</td>
</tr>
<tr>
<td>Gas</td>
<td>100</td>
<td>70</td>
</tr>
<tr>
<td>Condensate</td>
<td>50</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>350</td>
<td>260</td>
</tr>
</tbody>
</table>

**Production by product**

<table>
<thead>
<tr>
<th>Product</th>
<th>Production (Thboepd)</th>
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<tbody>
<tr>
<td>Oil</td>
<td>700</td>
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<td>Gas</td>
<td>300</td>
</tr>
<tr>
<td>Condensate</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>1,100</td>
</tr>
</tbody>
</table>

* SPE 2P reserves
** Pro-forma joint production of MOL and INA in 2009 (excluding non-consolidated projects)

Key success factors of MOL Group E&P’s activities, that support...

**Exceptional successful ratio**
- In 2009, our successful well ratio was 75% in Hungary
- Further successes are expected with similar structures to be drilled
- Ongoing high impact drilling program in Russian assets
- Successful presence in the Kurdistan Region of Iraq, Syria, Pakistan

**Successful partnerships**
- Portfolio optimization through strategic partnerships on Group level
- Increasing reserve size (baseline or incremental)
- Creating strategic partnerships
- Increasing lobby power in mining authority issues

**Low cost producer**
- Leading European low cost onshore producer
- One of the lowest lifting cost among European Upstream players according to IHS Herold Global Upstream Performance Review
- Experience in asset management

**EOR/IOR/EGR activities**
- Over 100 horizontal wells drilled
- EOR / IOR (Enhanced Oil Recovery/Improved Oil Recovery) upsides have been identified in case of 34 Hungarian fields in 2007
- Further efficiency improvement by application of recently identified and developed recovery methods
- MOL participates in Ivanic-Zutica EOR application project in Croatia

**Unconventional exploration**
- MOL develops its unconventional drilling capability in order to maximize its value-creation from its unconventional resources
- Unconventional potential in 4 basins in Hungary and one in Croatian-Hungarian border area

MOL Group’s competitive advantages provide sufficient basis for further growth

* Includes Shipping/Transportation/Handling Expenses, Taxes other than Income, and Production Related G&A
** Certain companies with more than 20$ lifting cost/boe were excluded from peer group
*** Certain companies with negative net income were excluded from peer group

Sources: Global Upstream Performance Review (2004-2009)
...our significant investment plan to build platform for future growth

**Capex** (2010-12 plan): USD 2.6 bn

- Focus on field developments aiming early cash generation with key projects in Syria, Pakistan, Russia, Hungary and Croatia
- Increased conventional exploration activities compared to previous years targeting significant resource potential, aiming at 3-4% annual production growth between 2012-15
- Focusing on multiple basins with unconventional potential in the CEE region
- Increased EOR/EGR/IOR activities in order to exploit full potential of existing proved resource base

**Production** (2010-12 plan)
- Focus on field developments aiming early cash generation with key projects in Syria, Pakistan, Russia, Hungary and Croatia
- Increased conventional exploration activities compared to previous years targeting significant resource potential, aiming at 3-4% annual production growth between 2012-15
- Focusing on multiple basins with unconventional potential in the CEE region
- Increased EOR/EGR/IOR activities in order to exploit full potential of existing proved resource base

**Resources** (to be drilled in 2010-12)

- **Capex**: not assuming any divestments and acquisitions
- **Production**: working interest production and recoverable resources from existing portfolio not assuming any divestments and acquisitions (further potential from non-consolidated projects, service contracts and unconventional projects)

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**MOL’s efficiency leadership to be utilized on the Group level in order to exploit significant synergy and efficiency improvement potential**

**Comparison of MOL and peer group performance (2003-2008)**

- Highly competitive lifting costs and unit opex maintained in the crisis as well
- One of the lowest lifting cost among European Upstream players according to IHS Herold Global Upstream Performance Review

**USD 50 million efficiency improvement potential annually from 2012 onwards**

- Optimization of portfolio on Group level
- Optimization of production costs and maintenance activities in order to decrease unit OPEX
- Harmonizing procurement and HSE activities
- Project management improvement
- Utilizing a bigger expert pool and knowledge transfer Partnering in certain projects
- Rationalization of operations of service companies

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**Sources**: Global Upstream Performance Review (2004-2009)

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**NOTES**
Enhancement of long-term performance by new recovery methods and knowledge transfer within the Group

György Palásthy - Director of MOL Integrated Field Application
Šikonja Želimir - Director of INA South-East Europe E&P Sector

May 27, 2010

CEE onshore conventional activities – maximise recovery of existing fields while exploiting further upside potential

Key Facts (2009)
- 373.4 MMboe 2P reserves
- 91,950 boepd production

Highlights (2010-12)
- 31% of total upstream CAPEX allocated on field development, EOR and increased exploration activities
- 6,000 boepd incremental production from conventional exploration and currently undeveloped reserve base
- 145 MMboe recoverable resource potential targeted

<table>
<thead>
<tr>
<th>Exploration</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 175 mn CAPEX</td>
<td>USD 630 mn CAPEX</td>
</tr>
<tr>
<td>Targeting smaller prospects with high probability</td>
<td>Fast track development of new reserves</td>
</tr>
<tr>
<td>Seismic acquisition to identify new prospects</td>
<td>Development of low calorific value gas fields</td>
</tr>
<tr>
<td>8-12 exploration wells annually</td>
<td>Maximize recovery by using EOR/EGR/OR technologies</td>
</tr>
<tr>
<td>Increased partnering to accelerate activities while sharing risks and costs</td>
<td>Efficiency enhancement to reduce operating costs</td>
</tr>
</tbody>
</table>
Exploration performance since 2006 in domestic exploration – focusing on new concepts while increasing partnering

**General characteristics**

- New concepts from 2006
  - Drilling smaller individual prospects with higher geological probability closer to existing infrastructure, besides testing mid-size, moderate risk prospects
  - Riskier activities (G&G) are financed by partners as a fee for opportunity to participate in activity in MOL’s blocks
- Higher success rates as a result of new concepts
- However number of domestic conventional exploration opportunities are decreasing
- Average reserve discovered by one well decreased, however discoveries are still feasible due to proximity of infrastructure

**Relatively stable CAPEX**

**Significantly increasing partner contribution**

**Increasing success rate with lower reserve sizes**

**3-year average finding costs are relatively stable**

Overview of Hungarian exploration – past and present

**Past and present**

- MOL has 70 years experience in exploration in Hungary
- Leading player position within the country by operating the most prolific exploration licences
  
  Total number of licenses: 63  
  MOL’s share: 33 (52%)  
  Total licence area: 68.9 th km²  
  MOL’s share: 37.4 (54%)
- Sustaining the value of the portfolio by the systematic development of the geological models in the Carpathian Basin
- Relying on our best competencies - seismic sequence stratigraphic and structural interpretation
- Importance of partnership relating to domestic exploration:
  - INA (Croatia)
  - Aspect Energy / HHE (USA)
  - RAG (Austria)
  - Expert Petroleum (Romania)
  - Ascent (UK)
Focused on unconventional activity

Unconventional exploration
- Unconventional resources play an increasing role in worldwide hydrocarbon production
- MOL is the largest acreage holder for unconventional plays in Hungary and is the owner of a well-developed infrastructure
- MOL devised a differentiated strategy for various Hungarian basins with unconventional potential

Key facts (2009)
- Unconventional potential in 5 different basins

Highlights (2010-12)
- Total area of more than 3,500 km²
- Total risked resource potential under assessment

Action plan (2010-12)

<table>
<thead>
<tr>
<th>Capabilities</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Technical study prepared which proved the unconventional potential for multiple basins</td>
<td>- Allocated CAPEX to be confirmed later based on exploration results</td>
</tr>
<tr>
<td>- Benefiting of MOL’s local strengths (local geology, acreage position, well-developed infrastructure)</td>
<td>- 2-4 year exploration and appraisal program</td>
</tr>
</tbody>
</table>

MOL-INA INVESTOR DAY 26-27 MAY, 2010 PULA, CROATIA
Derecske basin

**Exploration activity of MOL in Derecske basin**

- MOL license cover 100% of the basin
- Exploration program carried out by MOL
  - Drilling of Beru-1: continuous sub-commercial gas production
  - Drilling of Beru-2: prove presence of gas
- Technical study show characteristics of the basin
  - Volumetric potential of Derecske basin is smaller compared to Békés and Makó basin
  - Geological and HC system is absolutely different from any other basins in Hungary
  - Target: Middle Miocene Tight Gas
- Next steps
  - 2010 drilling of 2 wells
  - 2011: drilling and testing of wells
  - 2012: testing of wells

**Targets of exploration program:**
1 – Field analogy
2 – Structural prospects
3 – Non-structural position
4 – Deeper Basin Upside

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**Overview of Hungarian production – past and present**

**Past and present**

- MOL has a dominant role in Hungarian hydrocarbon production
- MOL is operating in Hungary wide range of technologies, mainly in four main basin at a low production cost
- MOL’s significant Hungarian asset base includes:
  - 132 producing fields
  - 167 mining plots
  - 5413 wells
  - 174 technologies
  - 3 gas processing plants
- Oil production reached its peak in 1980 (2.0 million tons)
- Gas production reached its peak in 1986 (6.7 bcm)
- Algyő field has a very dominant role in Hungarian production

**Distribution of discovered fields**

**Distribution of operating technologies**

**Production history since 1937**
Hungarian production

Main domestic production areas

Palaeogene area
Since the exploration in 1999, Palaeogene area oil and gas-condensate fields have been playing a significant role and in 2009 provided 19% of domestic oil.

Hosszúpályi-South gas field
Several newly discovered fields with remarkable potential, providing 10% of domestic gas production in 2009.

Algyő field
As a dominant area, in 2009 Algyő provided 40% of total domestic oil and gas production.

Competitive advantages
- Experience in asset management
- Leading European low cost on-shore operator
- Enormous operation and field development experience
- Effective joint activities with partners
- Outstanding relation and co-operation with authorities
- Review and screen all the assets systematically and periodically

Yearly domestic production (MMboe)

- Without production of Szreg

Focused on EOR / IOR activity

Aimed objectives and benefits of EOR / IOR
- Reducing „remaining” HC in reservoirs
- Increase volume of proved reserves and production level
- Extra production means extra profit contribution for the extended lifetime of HC-fields
- Better usage of existing surface and sub-surface assets and technologies
- Partial usage of produced inert gases
- Improve our EOR / IOR knowledge/technologies more further
- Postponement of field abandonment cost
- Potentially spared quota for CO₂ emission

Future importance of EOR / IOR
MOL has gained competitive advantage through utilizing the experience of 40 years in EOR / IOR technologies.

**Complex field investigation**
- In 2008 130 domestic fields were investigated and 30 Hungarian fields showed remarkable upsides representing 20-25 MMboe of additional reserves.
- In 2009 we continued the preparation for more than 10 EOR / IOR projects.
- In future MOL and INA will work together to exploit EOR / IOR opportunities like Ivanic-Zutica EOR application.
- High demand for EOR / IOR knowledge in the MENA region.

**Applied methods in Hungary since the late 60's**

### Nagylengyel
- Artificial gas cap by CO₂ injection
- Chemical flooding experiment (ammonia)

### Budafa
- HC gas injection
- Water flooding
- Partially miscible CO₂ flooding
- WAG silicate gel injection
- In-fill wells

### Újfaluj
- MEOR experiment

### Demjén
- Water flooding
- Steam injection
- In-situ combustion - air injection
- Microbiological EOR (MEOR)

### Algyső
- Water flooding
- Polymer flooding experiment
- Polymer/silicate gel treatment
- Lean gas injection and vaporization
- Ethane reach gas injection

### Kiskunhalas
- Water flooding
- Polymer flooding experiment
- Polymer/silicate gel treatment
- Lean gas injection and vaporization
- Ethane reach gas injection

### Szank
- Water flooding
- Partially miscible CO₂ flooding

### Kiskundorozsma
- Water flooding
- Steam injection
- In-situ combustion - air injection
- Microbiological EOR (MEOR)

### Móráváros
- Pressure maintenance by non-miscible CO₂ injection
- Water flooding

### Pusztaföldvár
- Conventional Production
- Secondary Methods
- Tertiary Methods

---

**Case study - EOR application in Nagylengyel field**

**Challenge**
- Old wells, well integrity problems
- High H₂S content of the injected gas
- Corrosion
- Complex reservoir properties (fractured carbonate reservoir)
- Current environmental concerns (CO₂ disposal after depletion of the field)

**Solution**
- Pilot testing
- Field trials in multi phases

**Components of success**
- Understanding the karsts system and primary recovery (long production history, water influx)
- Near natural CO₂ resource
- Reservoir management monitoring (oil front movement)
- High standard laboratory experiments and exploitation plans

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**Applied methods**
- Artificial gas cap by CO₂ injection on the reservoir top
- Chemical flooding experiment (ammonia)

---

**RESULTS / LESSONS LEARNT**
- Significant oil recovery increment (RF₀ = 55%)
- Notable differences in oil increment from block to block
- Importance of the real time reservoir monitoring
EOR process consists of 3 stages

I. create an artificial gas cap
II. gas withdrawal
III. oil displacement with water

Development and improvement relating to Hungarian operation

Expenditures of production operation

Actions have been implemented

- Fast track development - accelerating development programs for both producing fields and new discoveries
- Further development of producing gas fields in order to sustain production levels
- Development of low calorific value gas fields
- Rationalization of energy and technology systems
- Utilization of existing technological equipment and assets – technological streamlining
- Zero Based Budgeting (ZBB) in operational planning
- Adoption of RBWS (Risk Based Work Selection) maintenance
- Operating dedicated maintenance staff for service providing
- Training of operators in „Jolly Joker“ course is attaining continuously in different extent by areas based on the professional competencies and the completed training modules
- Planning-scheduling process had started considering the experiences of pilot in 2008

- From 2005 the maintenance costs of surface material assets had decreased radically year by year
- Keep all cost in one technically responsible and financially accountable hand = COST & FIELD MANAGEMENT
Russia – stable production in forthcoming years

Key facts (2009)
- 146.3 MMboe 2P reserves
- 20,060 boepd production

Highlights (2010-12)
- 14% of total upstream CAPEX on fast track field development and exploration activities
- 7,000 boepd incremental production increase from greenfield projects balancing natural decline of ZMB
- 160 MMboe recoverable resource potential targeted

Action plan (2010-12)

<table>
<thead>
<tr>
<th>Exploration</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 50 million CAPEX</td>
<td>USD 340 million CAPEX</td>
</tr>
<tr>
<td>Prolongation of exploration licenses in Matjushkinsky and Surgut-7 exploration projects in 2010</td>
<td>Drilling 130-150 production and injection wells and re-entries</td>
</tr>
<tr>
<td>Drilling of 6-8 exploration and appraisal wells</td>
<td>Extending infrastructure in line with increasing production</td>
</tr>
<tr>
<td>Acquiring 150 km2 2D and 150 km2 3D seismic</td>
<td>Peak production expected in 2016/17</td>
</tr>
</tbody>
</table>

Croatian exploration - 2010

Selec-1 is the first onshore exploration well to be drilled on sole risk by INA for the past 10 years

Details of well Slc-1

OBJECT’S PARAMETERS
Target depth for gas: -1435 m (TVDSS)
Target depth for oil: -1860 m (TVDSS)
Expected fluids: GAS & OIL
Reservoir rock: sandstone
Area of gas layer: 1.451 km²
Area of oil layer: 2.615 km²

DRILLING PARAMETERS
Total Depth: 2100 m
Number of DST: 2

Geological map of top of oil reservoir

A-B seismic profile with planned Slc-1 well

Selec-1 is located between field Zutica & Vezisce to the North of Sisak town
Cross-border joint exploration

Zaláta - Dravica joint exploration project
- Signed in September, 2006 as the first cross-border exploration partnership established between MOL and INA
- 50% MOL - 50% INA interest
- Covers 400 km² area
- Gas discovery made in 2007

Novi Gradac - Potony joint exploration project
- Signed in September, 2007 as a result of successful Zaláta - Dravica cooperation
- 50% MOL - 50% INA interest
- Covers 244 km² area
- Acquisition of 189 km² 3D

Milestones of co-operation
2004 - Zaláta 2D seismic (54 km)
2006 - Drilling of Zaláta-1 exploration well (3515 m)
2006 - Ferdinandovac - Vízvár 3D seismic (A) (120,21 km²)
2007 - Well test of Zaláta-1
2008 - Drilling of Dravica-1 exploration well (3500 m)
2008 - Novi Gradac - Potony 3D seismic (B) (183,4 km²)
2009 - Drilling of Potony-1 exploration well (3628 m)
2009 - Zaláta - Dravica East 3D seismic (C) (138,6 km²)
2010 - Well test of Potony-1
2010 - Well test of Dravica-1 (ongoing)
2010 - Interpretation of Zaláta - Dravica East 3D
2011 - Exploratory drilling on Zaláta - Dravica East

Croatian production - onshore

Past and present

Production areas

Number of assets
- 35 oil fields
- 18 gas condensate fields
- 4 geothermal

Projects in progress
- Molve - compressor production start-up
- Additional workover activities
- Production optimisation of domestic onshore production activities
Co-operation in production

**Ivanic - Zutica joint EOR project**
- Pilot CO₂ injection performed on the oilfield Ivanic between 2003 - 2006
- Based on the previous full-field Feasibility Study (FS), INA received necessary data for the EOR project
- Based on FS, 80% of the major surface equipment was delivered
- INA has involved MOL to prepare technical and economic evaluation together before continuing the project
- May 2010 → FS revision finished and new financial indicators were determined

**Stari Gradac - Barcs joint production project**
- Exploration carried out in the 1970’s and 1980’s separately by MOL and INA
- 16 wells were spudded in the area
- Originally governed by Yugoslavian - Hungarian intergovernmental agreement
- Joint expert teams / committees controlling operations

**Short summary**
- Primary goal is to produce and sale an additional 3.4 million tons of the oil and 599 million m³ of the gas
- Secondary goal is CO₂ sequestration amounts to 2.7 billion m³ (5.4 million tons)

**Timetable**
- Project (RE) starting: Q1 2011
- Commissioning starting: Q4/2012 - Q1 2013
- Project completion: Q1 2013
Key field development projects of INA providing strong platform for day-to-day operations and medium term growth

Bojan Milković
Chief Executive Officer of INA
Executive Director of INA Exploration and Production

May 27, 2010

- USD 20 million CAPEX
- Ongoing joint review by INA-MOL experts for further potential
- Applying new concepts by investigating and testing thin-layer-type reservoirs
- Partner involvement in the Mid and South Adriatic offshore areas as well as in the Dinarides to exploit full potential of Croatian offshore areas

Adriatic offshore – providing significant production growth until 2012

Key facts (2009)

- 65.0 MMboe 2P reserves
- 14,140 boepd production

Highlights (2010-12)

- 4% of total upstream CAPEX on field development, EOR and maintenance activities
- 5,000 boepd incremental production increase from improved recovery projects and conventional exploration
- 15 MMboe recoverable resource potential targeted which shall be increased significantly

Action plan (2010-12)

<table>
<thead>
<tr>
<th>Exploration</th>
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<tbody>
<tr>
<td>USD 20 million CAPEX</td>
<td>USD 80 million CAPEX</td>
</tr>
<tr>
<td>Ongoing joint review by INA-MOL experts for further potential</td>
<td>Development of recent discoveries</td>
</tr>
<tr>
<td>Applying new concepts by investigating and testing thin-layer-type reservoirs</td>
<td>Gas production optimization by drilling further wells and connecting platforms</td>
</tr>
<tr>
<td>Partner involvement in the Mid and South Adriatic offshore areas as well as in the Dinarides to exploit full potential of Croatian offshore areas</td>
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</tr>
</tbody>
</table>
North Adriatic Projects

Fields operated by EDINA
INA 30%, EDISON 30%
PSA agreement
-Isabela signed 2002

Fields operated by INAgip
INA 50%, ENI 50%
2 PSA agreements
-North Adriatic signed 1996
-Aiza-Laura signed 1997

INAgip: Geographical overview

Pipelines incorporated with ENI-INA PSAs
1 IVANA K-Pula (operator: INA)
2 IVANA K-Italian border (operator: INA)
3 Italian border–Garibaldi platform (operator: Adriagas)
4 Garibaldi platform- Casal Borsetti (operator: ENI)
Project pipeline

Discoveries from 1974 to 1999

1973
Discovery of Ivana gas field

June 27 1997
Signing of the Aiza Laura PSA

October 1999
Ivana gas Field production Start up of manned platform Ivana A

2003
Discovery of Katarina gas field

March/May 2006
Compressor platform Ivana K and platform Ivana C

March 2009
Irina gas field Start up, platform Irina

2000
Discovery of Marica gas field

November 2004
Marica gas Field production Start up, platform Ivana A

December 2006
Connection with Croatian network, pipeline Ivana K – terminal Pula

November 2009
Annamaria gas field Start up, platform Annamaria A


December 2000
Start up of platform Ivana E

January /May 2001
Start up of platform Ivana D&B

February 2006
Ida gas field production start up, platforms Ida C & B & A

March/May 2006
Katarina gas Field production Start up, platform Katarina

March/May 2006
Discovery of Ana and Vesna gas fields

November 2004
Ana gas field Start up, platform Ana

February 2009
Vesna gas field Start up, platform Vesna

Key facts

**Offshore Platforms**

- 17 platforms
  - 2 manned (Ivana A, Annamaria A)
  - 1 with lodging capability (Marica)
  - 1 compression platform (Ivana-K)
  - 13 unmanned
  - 40 people on platforms in 2 rotations with 20 people per rotation (1 rotation = 2 weeks)
    - ~80% of the employees are Croats
    - Assets are new (less than 10 years)

**Personnel**

- Total number of involve employees – 100
  - 40 in offshore operations
  - 60 in HQ in Zagreb

- All people are former employees of INA or ENI

- INA provides technical support on non-technical competency as
  - Procurement
  - Legal
  - HSE
  - Logistics

**Logistics**

- Logistics managed out of Pula with occasional support from Zadar Base and Ravenna Base
- 3 ships supply platforms on daily basis
Recent developments, key tasks ahead

**Developments in 2009**

- Installation of gathering systems on the Vesna and Irina gas fields
- From Annamaria platform 6 new wells were drilled and completed, with production start up at the beginning of November

**Key tasks ahead**

- Gas field optimization on Annamaria field
- Gas filed optimization Ivana A block
- Development of gas field Ika/5-30-028

**Shipping Annamaria A platform**

Mass of process decks – 1705 T; Living quarter + helidek -362 T
Eni’s minimum production share - Eni’s minimum profit share is 12% in case of Ivana and 15% in case of Aiza-Laura PSA.

Eni’s cost recovery share – Eni can recover its CAPEX and OPEX from 38% (Ivana PSA) and 35% (Aiza-Laura PSA) of total available production. If the costs to be recovered are lower than the cost recovery share, the excess cost goes to INA.

INA’s minimum production share (50%)

Fiscal Terms
- INA pays the total Royalty and CIT of the projects (on behalf of ENI as well)
- Corporate Income Tax: 20%
- Royalty: increasing from 3.1% to 10% until 2015 and 10% thereafter

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>3.1%</td>
</tr>
<tr>
<td>2011</td>
<td>3.6%</td>
</tr>
<tr>
<td>2012</td>
<td>4.1%</td>
</tr>
<tr>
<td>2013</td>
<td>4.6%</td>
</tr>
<tr>
<td>2014</td>
<td>5.1%</td>
</tr>
<tr>
<td>2015</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

Fiscal regime

EDINA – Izabela project

Recent developments
- Building platforms
  - Izabela South and Izabela North

- Building sealines
  - sealine 16" (26.3 km) Izabela South - Ivana K,
  - sealine 10" and 3" (3.1 km) Izabela South - Izabela North

- Drilling/completion 2 production wells on Izabela South

Izabela North platform

Tasks ahead
- Drilling 2 and completion 3 production wells on Izabela North
- Izabela South hook up and comm.
- Upgrade Ivana A/K for accept Izabela gas
- Start up Izabela South (Qg= 340 000 m3/d)
- Izabela North hook up and comm.
- Start up Izabela North (Total Qg= 740 000 m3/d)

Export routes
- 16" gas pipeline 2.7 km
- 3" gas pipeline to Ivana K, 26.3 km
- 3" pipeline for separated water, 2.7 km
- Export route to Croatia Pula
- Export route to Italy Casalboresetti Garbia LD

Izabela South platform

Izabela North platform
South Adriatic (Central) potential

- 100% concession rights assigned to INA
- Water depth: 60-250 m
- Seismic available: 13,483 km of 2D seismic sections & 1000 km² 3D seismic
- 21 exploratory wells on the block
- 600 seismic lines on WorkStation

- Potential leads/prospect on area Srednji Jadran
  - 4 biogenic gas leads in Pleistocene clastic, structural trap type
  - 1 oil prospect in Middle Triassic complex “Vlasta”

Current activities
- Project team is appointed for the purpose of prospects evaluation

Planned activities
- 2D seismic acquisition
- Exploration well

South Adriatic (South) potential

- 100% concession rights assigned to INA
- Water depth: 100-1200 m
- 5 exploratory wells on the block
- 6692 km of 2D seismic available; vintage 1978-1989
- Data base partly on WorkStation

- Potential leads/prospect on area Juzni Jadran
  - Several oil leads in Paleogene-Cretaceous barrier reef complex
  - 1 oil prospect based on cross border Croatia/Montenegro structure and oil presence in JJ-3 well (Montenegro)

Current activities
- Project team is appointed for the purpose of prospects evaluation and supporting farm-in activities

Planned activities
- 2D/3D seismic acquisition
- Exploration wells
Syria – fast-track development of Hayan block to strengthen production base by 2011 while testing exploration potential of Aphamia project

Key facts (2009)

- 55.9 MMboe 2P reserves
- 4,110 boepd production

Highlights (2010-12)

- 11% of total upstream CAPEX on field development and increased exploration activities
- 12,000 boepd production increase from Hayan block
- 25 MMboe recoverable resource potential targeted

Action plan (2010-12)

**Exploration**

- USD 50 million CAPEX
- Drilling of 2-4 exploration and appraisal wells
- 3D seismic activities to assess potential of Aphamia block

**Development**

- USD 220 million CAPEX
- Construction of gas-treatment plant with LPG plant in Hayan block by end 2010
- Drilling of multiple production wells
- Peak production expected in 2012/13

Syria - Hayan Block – General layout

- PSA between INA Ltd. and Government of the Syrian Arab Republic and Syrian Petroleum Company was signed in 1998
- Hayan Block is operated by Hayan Petroleum Company (HPC, 50% INA, 50% SPC)
- Hayan Block area: 4,795 km²
- First Well was drilled in 1998
- Exploration Period expired in 2007
- Commercial Discovery of 6 Fields
Overview of the drilling and production activities

- On Hayan Block was drilled 23 wells up to date
- 17 Exploratory Wells (10 positive)
- 6 Development Wells (4 positive)
- Production start in 2005 with early stage production from Jihar Oil Station
- Currently in production 9 wells
  - 2009 commencement of Oil-Gas Station Jihar

Project timeline

- July 2008: Commissioning of Jihar export pipeline system
- Discovery of Jihar Field
- August 2005: Completion of Jihar Oil Station – the commissioning of the oil station also meant the production start-up of Jihar field
- Discovery of Mustadira Field
- 2009: Production Start-up of Palmyra Field
- September 2009: Completion of Jihar Oil and Gas Station: the station consists of a gathering and transportation system for 5 wells on Jihar and Jazal field, an a 20/0.4 kV transformer station.
- Discovery of Mazrur Field
- May 2008: Starting date of Jihar Project Stage 3 – the project includes the construction of the Jihar Gas Treatment Plant and the gathering and transportation system of Al Mahr & Jihar fields
- Discovery of Al Mahr
- November 2007: Production startup of Jazal field
- 2007: Commissioning of 10 kV OHL to Jihar field
- Discovery of Palmyra Field
- 2009: Production Startup of Mazrur Field
- Discovery of Jazal Field
- 2006
- 2005
- 2004
- 2003
- 2002
- 2001
- 2000
- 1999
- 1998
Gathering facilities

Oil & Gas Station Jihar - Project Stage 2 - gathering and transportation system, commencement from September 2009.

GTP Capacity
- Q gas (Sm³/day) 4,000,000
- Q oil & cond (m³/day) 1,800
- Q LPG (m³/day) 350

Gas Treatment Plant Jihar - Project Stage 3 - gathering and transportation system, LPG Plant, commencement March 2011

Outlook of the drilling and production activities

- 3 new wells to be drilled in 2010
- 2011 full profile production upon finishing of Gas-Treatment Plant Jihar
- Peak production in 2012
- For full Production profile committed by Development Plans 3 more wells need to be drilled in period 2011-2013
- Further potential for production increase to be evaluated
HAYAN BLOCK – NEW PROSPECTS

- Initiating a new Exploration program on Hayan block
- 8 new potential prospects INA’s advantage on new prospects:
- Know-how – well design, drilling, development programs
- Existing gathering system
- Good relations with Government of Syrian Arab Republic

APHAMIA BLOCK

- Current status: First Extension of Initial Exploration Phase
- Initial Exploration Phase (4 years): signed in 2004.
- First Extension of Initial Exploration Phase (2 years) from August 2008 until August 2010
- Contractual obligations during that period:
  - 270 km² of 3D seismic acquired (2009)
  - Drilling of two new exploratory wells
    - Beer As Sib-1 well-drilling in progress
Exploration is not gambling - Key recent exploration successes and further projects that add significant impetus for long-term growth

Attila Somfai
Managing Director of MOL Middle-East, Africa & Caspian E&P
May 27, 2010

MOL Group’s upstream portfolio: solid basis for further growth

Two decades of intensive exploration in the international area has resulted significant knowledge

- Since beginning of 1990’s, besides Hungary and Croatia, MOL Group has been present in 17 foreign countries as operator or partner
- During this period MOL Group co-operated with companies of international prestige, such as Chevron, Occidental, Enterprise, Premier, Amerada Hess, Deminex and OMV
- Hydrocarbon exploration activity provides considerable value generating opportunities and is the key organic contribution towards upstream reserve replacement
- Current E&P activities in 11 foreign countries with production in 7 countries
  - Focus on international projects from 2006
  - Successful exploration activities with sizeable discoveries in the international arena in the Kurdistan Region of Iraq, Kazakhstan and Pakistan
  - Well-positioned player in the Middle East/Central Asia with major development projects in Russia, Pakistan, Syria and Kurdistan Region of Iraq
MOL Group has increased the number of portfolio elements significantly during the past 4 years.

**Distribution of new projects from 2006**

- **Kurdistan**
  - Block Akri-Bijeel
  - Block Shaikan
- **Cameroon**
  - Block Ngosso
- **Oman**
  - Block 43B
- **Pakistan**
  - Block Margala
  - Block Karak
- **India**
  - Block HF-ONN-2001/1

**Highlights from 2006 until now**

- 9 new project are acquired in the region
- 7 of 14 wells are successful owing the successful exploration in Pakistan, Kazakhstan and Kurdistan
- Discovered 2 new fields in Pakistan, 1 in Kazakhstan, 2 in Kurdistan

**Number and distribution of New Opportunity evaluation**

- Far East: 24%
- Caspian: 17%
- Sub-Saharan Africa: 12%
- Middle East: 18%
- Other: 6%

**Exploration strategy**

- MOL Group is a long term player in the region
- Experience in exploration of structurally complicated areas
- Proved financial and technical capability
- Aims during an exploration campaign
  - Discover the total block potential
  - Minimize exploration risk and exploration cost

**MOL Group’s current exploration portfolio**

- **Iraq – New hot spot area**
  - Shaikan Block (partnership): Discovery in 2010
  - Akri-Bijeel Block (operatorship): Discovery in 2010
  - PEARL Company: Chemchemal gas and condensate field
- **Syria**
  - Aphamia Block (operatorship): Testing of prospectivity by drilling a well
- **Egypt**
  - East Yidma (operatorship): Testing of prospectivity by drilling a well
  - East Kalabsha Blocks (partnership): Exploration works will be abandoned May 2010
- **Cameroon**
  - Ngosso Block (offshore, partnership): advanced seismic interpretation
- **Angola**
  - 3/05A Block (offshore, minority partnership): Results of new well will determine the future strategy
- **Namibia**
  - Zaris Block (operatorship): high risk/ high reward exploration in frontier area
- **Russia**
  - Matjushkinshkaya and Surgut-7 Blocks (operatorship): Drilling of 6-8 exploration and appraisal wells
- **Kazakhstan**
  - Fedorovskoye Block (operator shareholders): Discovery based on new exploration idea
- **Pakistan**
  - TAL Block (operatorship): Beside production intensive exploration activities are going on Margala and Margala North Block (operatorship): Testing of prospectivity by drilling 2 wells in 2010-2011
  - Karak Block (partnership): Similar hydrocarbon system is predicted as in TAL block
- **India**
  - Himalayan Foothills (partnership): Testing of prospectivity by drilling a well
- **Oman**
  - Block 43B (operatorship): Exploration based on new geological conception
Exploration performance 2000-2010 – Increasing exploration activities

Since 2000, characteristics of MOL’s exploration activities changed markedly

- Expanded international portfolio resulted in significant increase in exploration expenditures
- Stable domestic investment level with new concepts from 2006 resulting in higher success rates
- Successful exploration activities resulted in significant increase of reserves replacement from our international projects

MOL-INA INVESTOR DAY 26-27 MAY, 2010 PULA, CROATIA

International exploration - geographical focus has been changed from 2006

- MOL Upstream has been systematically building its portfolio since 2005 mainly through gaining new green-field exploration projects
- Increased exploration activities resulted in a number of discoveries
- In 2009 major discoveries were made in the Shaikan, Fedorovsky and Tal block

- 3-year average finding cost was 5.8 USD/boe in 2008 while average for the period is 7.4 USD/boe
MOL past and planned exploration activities (2005-2012) in MEAC region

Seismic activity during years 2005-2012

Drilling activity during years 2005-2012

Drilled wells vs. Successful wells

PAKISTAN
Pakistan - major production increase in 2010

Key facts (2009)
- 13.9 MMboe 2P reserves
- 1,400 boepd production

Highlights (2010-12)
- 4% of total upstream CAPEX on field development and increased exploration activities
- 5,000 boepd production increase primarily from ramp-up of Tal block
- 150 MMboe recoverable resource potential targeted

Action plan (2010-12)

<table>
<thead>
<tr>
<th>Exploration</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 80 million CAPEX</td>
<td>USD 20 million CAPEX</td>
</tr>
<tr>
<td>Acquisition of additional 3D seismic, construction of necessary surface facilities</td>
<td>Continue production via Central Processing Facility with a planned daily production capacity of 270-300 MMscf/pd gas and 5,500-6,000 boepd condensate in Tal block</td>
</tr>
<tr>
<td>Intensive appraisal program of existing discoveries to increase the reserve base in Tal block</td>
<td>Early production from new discoveries</td>
</tr>
<tr>
<td>1-2 exploration wells annually</td>
<td>Peak production expected in 2015</td>
</tr>
</tbody>
</table>

MOL’s achievements in Pakistan

Branch Office founded with 7 employees and 2 expats

- Manzalai D&P lease
- Makori D&P lease

Award date of TAL Block

Makori discovery
- Makori EPF (Makori Plant)
- Makor D&P lease

Makori discovery
- Makor EPF (Makori Plant)
- Makor D&P lease

Manzalai D&P lease
- Manzalai EPF (Gurguri Gas Plant)
- Manzalai CPF

Manzalai discovery
- Manzalai EPF (Gurguri Gas Plant)
- Manzalai CPF

Maramzai discovery
- Award date of MARGALA Blocks
- Award date of KARAK Block

Branch Office total employees 368 out of which 21 expats
**Intensive simultaneous exploration, appraisal and development activity**

**Exploration in difficult area**
- Himalayan fold/thrust belt with complicated structures
- 2 major and thick detachments
- Surface and deep structures not conformable
- Technically difficult seismic and drilling
- Unsuccessful trials before MOL exploration: 3 dry wells

**Solutions provided by MOL**
- Combined surface geological survey and seismic investigation
- Advanced processing and modelling techniques
- Special drilling recipe
- Acid treatment of fractured reservoirs
- 11 of 15 wells are successful

**Fully controlled exploration ⇒ appraisal ⇒ field development ⇒ production**

---

**MOL geological model:**
A value creating step towards the big exploration success

**Previous AMOCO interpretation**
- Mami Khel anticline
- Manzalai anticline

**Consequences:**
- Lower target at same place as surface anticline
- Only vertical migration was interpreted
- Small fragmented traps were mapped

**AMOCO model:**
- All structures concentric
- All structures induced by strike slip flower structures

**Current MOL interpretation**
- Mami Khel anticline
- Manzalai anticline

**Gas discovery**

**Consequences:**
- Lower target at different place as surface anticline
- Mainly lateral migration along thrust sheet
- Bigger traps as major thrust sheets

**MOL model:**
- All structures detached from surface by thick shales
- All structures induced by flat thrusting
- Surface and deep structures at different locations

**Final consequence:**
Several gas and condensate discoveries in an area left by previous operators
Previous and future E&P activities in TAL Block (1999-2012)

Operation highlights 1999-2010
- Reprocessed thousands km of old seismic
- Acquired 1500 km new 2D seismic
- Acquired 2000 sqkm 3D seismic
- Drilled 7 wildcat wells, out of which 4 proved to be discovery
- Drilled 3 appraisal wells
- Put into Early Production Manzalai-1 well in 2005 and Makori-1well in 2006
- Early Production of MamiKhel-1 and Maramzai-1 expected by end 2010

Future exploration & appraisal 2010-2012
- Future exploration focuses on structural stacks between the major antiforms, or subthrust plays
- Drilling of 2 appraisal wells based on the recently acquired 3D seismic
- Drilling of 3 new exploration wells on remaining potential targets
- Installation of a new 150 MMscfd capacity processing train at CPF having suitable technology to process Makori rich gas, and drilling of 4 new development wells

Current field development & production
- Manzalai EWT (Gurguri) Gas Plant
  - Operating since Jan 2005
  - Production capacity: 50 MMcf/d gas and 500 bbl/d condensate
- Makori EPF Gas Plant
  - Operating since Jan 2006
  - Production capacity: 20 MMcf/d gas and 3000 bbl/d condensate
- Manzalai CPF
  - Inaugurated on 11 Nov 2009
  - Production capacity: 300 MMcf/d gas and 8000 bbl/d condensate

Local market environment and sales possibilities in Pakistan
- Well defined regulatory framework
  - MPNR & its Directorates provides only „one window” for operations
  - Petroleum Laws, Rules & Policies
  - Model Agreements – PCAs, GPAs, GSAs etc

- Well developed market
  - No any problem of the payments for sold gas and condensates guaranteed by the Pakistani Government
  - Import substitution at much lesser rate
  - Transmission & distribution network across the country
  - Model Agreements – PCAs, GPAs, GSAs etc

- Market for Hydrocarbons
  - Gas purchase is guaranteed by the Pakistani Government
  - MOL Pakistan designated buyers:
    - gas – SNGPL
    - crude/condensate - ARL
Effective management of the political and security risks based on our Pakistani operation

Foreign companies carry out their risk assessment by outsourced consultants in Pakistan

Security concerns
- Government of Pakistan is the guarantor for creating a conducive security environment for E&P companies
- In most areas the writ of the government appears to be limited i.e. Baluchistan & NWFP/FATA
- Delay of Government’s immediate & full support in case of emergency situation
- Coercion by tribal chiefs/elders which is a source of concern to the companies
- Political interferences and reactions by locals

Security measures in fields
- Usage of Security Forces
- Police, Frontier Constabulary (FC), FC Guards, Local Guards
- Additional Security Measures in Place:

Security infrastructure
Total: 534
- Police: 38
- Frontier Constabulary (FC): 238
- FC Guards: 209
- Local Guards: 56
- Office security (DSS): 50

Security measures at MOL Office Islamabad
- Guards, Scanner, Walkthrough Gates, Personal Search/Items Search, Docking system doors
- Access Control through readers/Proximity cards
- CCTV cameras & Visitors Procedure

KAZAKHSTAN
Kazakhstan – putting into production our recent discovery

Key facts (2009)

- Successful testing of appraisal well proving significance of discovery
- As a result of the successful exploration activities, MEMR approved the extension of the Exploration Licence for appraisal of Rozhkovsky area for 4 years period (May 11, 2010 – May 11, 2014), evaluating of the commercial significance of the field and for further exploration activity for the remaining area of the block
- MOL has acquired 22.5% in 2004 and an additional 5% in 2005 in the Fedorovsky block, thus MOL has 27.5% participating interest in the project

Highlights (2010-12)

- 3% of total upstream CAPEX on development and appraisal activities
- 50 MMboe recoverable resource potential targeted

Action plan (2010-12)

<table>
<thead>
<tr>
<th>Exploration</th>
<th>Development</th>
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</thead>
<tbody>
<tr>
<td>USD 20 million appraisal CAPEX</td>
<td>USD 50 million CAPEX</td>
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<tr>
<td>Drilling of 3 appraisal wells</td>
<td>Start-up of trial production</td>
</tr>
<tr>
<td>Detailed interpretation of geological data to assess further exploration potential</td>
<td>FEED study</td>
</tr>
<tr>
<td></td>
<td>Peak production expected in 2018</td>
</tr>
</tbody>
</table>

Fedorovskoye Block, Exploration in Kazakhstan

OPERATION HIGHLIGHTS (2004-2010)

- MOL entered into the 2nd Exploration Phase in 2004 with interest of 22.5%
- All Work Program commitments is fulfilled
  - Drilling of two exploration wells (Zhalk-U-1 and Zharsuat-U-5) based on the old geological model of the previous owners - dry
  - Re-entry and test of pre-contracted well (Chinarevskoye-U-11) - unsuccessful due to technical reasons
  - 1000 sqkm 3D seismics initiated by MOL - a new low-risk exploration model has been developed
  - A major discovery has been made in 2008 by the RZK-U-10 exploration well and in 2009 by the RZK-U-12 appraisal well proved multiple gas and condensate reservoirs in the Rozhkovsky field structure

FUTURE PLAN: DEVELOPMENT FOR EARLY PRODUCTION

- The project concept has to focus both on drilling appraisal wells and development for early production phase to provide the necessary number of producing wells
- Drilling and testing three appraisal wells in 2010-2013, drilling additional three wells are optional
- Early Production Facility has to be implemented as a first train of the final plant with gas marketing by pipeline, LPG and condensate by truck transportation. First train capacity is 1.5 MMm³ sales gas by 2012.
- Completion of surface facilities, executing the early production by 2013
Changing the original geological model with a new one has resulted a discovery

**Old geological model**
- The block is inside the highly prolific North Pre-Caspian petroleum region
- The deep central part of the Precaspian Basin is surrounded by Paleozoic carbonate shelfal deposits
- The main target was to test big sized prospects, which could be considered as perfect Karachaganak analogues (carbonate reef buildups)
- The first period of exploration resulted two deep dry holes on Zharsuat and Zhaik

**New geological model**
- Interpretation of new 3D seismic and merging of all available data in the wider area opened the possibility to find new exploration targets
- Rozhkovsky discovery was made in classic four-dip anticline

**Transportation options for gas and condensate marketing**
- Condensate can be transported by trucks from the field to Rastoshi, Aksay (railway loading terminal) or Uralsk (oil terminal) refinery (100km). They have export sales rights.
- Gas can be delivered into the Soyuz (export sales) and/or Orenburg-Novopiskov (export and domestic sales) pipeline. The gas also can be exported to China with a swap transaction from 2015.
Kurdistan Region of Iraq – significant developments by investing into a sizeable asset base

Key facts (2009)*

- Acquisition of 10% in Pearl project
- Significant discovery in Shaikan block

Highlights (2010-12)

- 19% of total upstream CAPEX on fast track field development and exploration activities
- 590 MMboe recoverable resource potential targeted

Action plan (2010-12)

<table>
<thead>
<tr>
<th>Exploration</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ USD 80 million CAPEX</td>
<td>▶ USD 410 million CAPEX</td>
</tr>
<tr>
<td>▶ Drilling of multiple exploration and appraisal wells</td>
<td>▶ High impact drilling programs</td>
</tr>
<tr>
<td>▶ Acquisition of additional 3D seismic</td>
<td>▶ Construction of necessary surface facilities</td>
</tr>
</tbody>
</table>

*: production and reserves of non-consolidated projects are not highlighted
Intensive exploration, appraisal and development in Kurdistan from 2007

**Shaikan Block**
- Effective date: 06 November 2007
- Gulf Keystone operated exploration with 20% MOL (Kalegran Ltd) participation
- 2D seismic acquisition and drilling 1 exploration well
- Discovered field in 2010 is among the most significant onshore fields of the region
- The three-year appraisal programme has been started

**Akri Bijeel Block**
- Effective date: 06 November 2007
- MOL operated (80% share) exploration block with participation of Gulf Keystone Petroleum Ltd.
- 2D seismic acquisition and drilling 1 exploration well
- 1st exploration well seems to be successful, however the testing is in progress
- Subsequent program to be decided after results are known

**Pearl Company**
- Acquisition of 10% in Pearl project in 2009
- Khor Mor field - Appraisal and development phase
- Chemchemal field – Exploration and appraisal phase

**Not always the most obvious step is the best solution**

**Types of the prospects in Akri-Bijeel Block**
- Classic, well known surface anticline trend
  - Two large surface anticlines are mapped and can be tested with future exploration wells
- Hidden, subsurface anticline as a new prospect
  - Not visible on surface, only on seismic section lines
- **Bijeel-1 well**: Test is in progress

**Exploration strategy: to define full prospectivity of the Block**
- All three main anticlinal prospects should be tested
- Other, more subtle plays should be also tested later, but within 5 year exploration period

Recent discovery can prove the presence of commercial hydrocarbon reserves in Akri-Bijeel exploration area and can verify MOL’s exploration conception first focusing on new ‘hidden’ structural prospect.
Marketing opportunities

Oil and condensate market

- Presently oil is sold on the domestic market, at a depressed price
- Domestic demand is limited, in spite of ongoing construction of refineries
- Export is the viable solution on long term
- The Kirkuk-Ceyhan oil pipeline has a maximum capacity of 1.6 Bbbl/d, out of which currently approx. 0.5 MMbbl is used
- The decision on Kirkuk will be fundamental in respect of export possibility, export is of the interest of both the Kurdistan Region and the Federal Iraq

Gas market

- Short term solution:
  - Sell the gas for two cement factories and two power plants
- Medium term solution:
  - Supply Turkish territories neighbouring Northern Iraq with low energy supply
  - Join Nabucco: the connection between Turkish-KRI border and the main pipeline would be part of the Nabucco project
  - Additional possibilities: fulfill power generation demand, regional gas supply for Syria, gas swap with North-West Iran, supply of LNG plant in Ceyhan, join the Arab Gas Pipeline, etc.

TO FIND HYDROCARBONS YOU NEED:

- A competitive, balanced Portfolio
- Competent people
- Ideas turned to reality with expert and focused work
- Continuous presence in target regions and in target disciplines
- Exploration is not gambling
How can we repeat our success in INA Downstream?

Dr. Béla Kelemen
Vice President for Refining of MOL

May 27, 2010

Downstream - mixed but improving portfolio

<table>
<thead>
<tr>
<th>Refinery</th>
<th>Capacity</th>
<th>NCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Danube</td>
<td>8.1 Mtpa</td>
<td>10.6</td>
</tr>
<tr>
<td>Bratislava</td>
<td>6.1 Mtpa</td>
<td>11.5</td>
</tr>
<tr>
<td>Mantova - IES</td>
<td>2.6 Mtpa</td>
<td>8.4</td>
</tr>
<tr>
<td>Sisak</td>
<td>2.2 Mtpa</td>
<td>6.1</td>
</tr>
<tr>
<td>Rijeka</td>
<td>4.5 Mtpa</td>
<td>5.8</td>
</tr>
</tbody>
</table>

Refinery throughput: 22.9 Mt - 2010 E
Well known outstanding results of our key sites

Duna and Bratislava refineries in top performer position since 2003

Downstream Business of the year 2008

Success factors

- Market driven operation
- Asset development & Technology leadership
- Operational Excellence
- Integrated Optimization, SCM philosophy

Net cash margin 2008 (USD/bbl)

Our new challenge

How can we implement it at INA DS?

- Market driven operation
- Asset development & Technology leadership
- Operational Excellence
- Integrated Optimization, SCM philosophy
Strengthening further on a high growth market

Favourable demand prospects

- One of the highest GDP growth potential in Europe in mid-term
- Rapid growth of car penetration with long term catch-up effect

- Outstanding long term motor fuel consumption compared to WE, even more favorable than CEE avr.:  
  - Increase in gasoline (1-2% CAGR)
  - Strong diesel growth (3-4 CAGR)
- Control the most favorable Logistics network and cover the whole region, which is the key to customers
- Unquestionably the most advanced knowledge among regional players, which predestinates us to stand/win the competition

Effective commercial with Group level synergies

Retail

- Strengthened further on Core and Growth markets with INA
- Most significant FS network of the Southern CEE – synergies of Group operation
- 1600+ Fuel Stations (FSs) in 11 countries
- Strong captive market for refineries: 19%
- Successful multi-brand strategy

Wholesale

- Harmonized wholesale activity
- Improved commercial technics using Group knowledge
- Focus on high margin domestic markets
- Increase enduser sales to grab higher margin
- Prefer „one channel“ export sales
Market environment forces us for further improvement

Growing demand for motor fuels, shrinking market for black products

Stable growth of MOTOR FUEL

2-3%

Falling FUEL OIL market

-3-4%

Unfavorable Price Environment for Fuel Oil

How to handle heavy fuel oil in long term and make Rijeka Refinery more profitable?

EURO V Motor Fuel Specifications
Marine fuel specification

- Ships in Emission Control Areas (ECA) have to use fuels with less than 1,5 m/m% S, which is planned to be reduced to
  - 1 m/m% by 1 July 2010
  - 0.1 m/m% by 1 January 2015

Mediterranean Sea

MOL INVESTOR DAY 26-27 MAY, 2010 PULA, CROATIA
**Simplified refinery structure**

Product yield mostly depends on configuration

"Typical refinery" structure

- **CRUDE OIL**
  - Distillation
  - Vacuum distillation
  - Cracking
  - Residue Conversion

- **Gas treating**
- **Gasoline reformulation**

- **Desulfurisation**
  - LPG (4-5%)
  - Naphtha (8-15%)
  - Gasoline (30-40%)
  - Kerosene (5-8%)
  - Diesel
  - Heating Oil (30-40%)
  - Fuel Oil (0-20%)
  - Coke & Bitumen (5-15%)

**CHEMICAL FEEDSTOCK**

**TRANSPORT FUELS**

**OTHERS** (*)

(*) HEATING, SOLID FUELS, LUBRICANTS, ASPHALTS, PACKAGING

---

**Success story of MOL...**

Key success factor: right investments with right technical scope in the right time

- **Provide** product quality **required by** market and legislation (sulphur free motorfuel, bio-content)
- **Meet increasingly** stringent environmental requirements (**waste water treatment, reduction of CO2, SO2 NOx emission**) 
- **Meet increasing** gasoline and distillate demand
- **Phase out** heavy fuel oil production

---

**MOL-INA INVESTOR DAY 26-27 MAY, 2010 PULA, CROATIA**
Success story of MOL... and INA

Key success factor: right investments with right technical scope in the right time

- **Provide** product quality **required by** market and legislation (sulphur free motorfuel, bio-content)
- **Meet increasingly** stringent environmental requirements (**waste water treatment**, reduction of CO2, SO2 NOx emission)
- Meet increasing **gasoline and distillate** demand
- Phase out heavy fuel oil production

**Phase I**

Product Quality Improvement
Comply with EU environmental standards

**Phase II**

Deep Conversion – Product Yield Improvement

---

Sisak modernization program – Current stage

Clean gasoline and partial transition to 10 ppm diesel

**Coker Gasoil HDS unit:** revamp was completed in 2007. Increase quality of gasoil.

**New Claus plant:** put on stream in 2008. Reduce refinery emission. (SO2)

**FCC-gasoline HDS unit:** started up in 2009, produce low-sulphur gasoline blending component from 2010

**Isomerisation unit:** completion in 2H 2010; improve gasoline octane pool, low sulphur gasoline component from end-2010
Sisak modernization program – Current stage

Clean gasoline and partial transition to 10 ppm diesel

Current status

Coker Gasoil HDS unit: revamp was completed in 2007. Increase quality of gasoil.

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FCC-gasoline HDS unit: started up in 2009, produce low-sulphur gasoline blending component from 2010

Isomerisation unit: completion in 2H 2010; improve gasoline octane pool, low sulphur gasoline component from end-2010

Rijeka modernization program – Current Stage

Full 10 ppm diesel and gasoline production in H2 2010

Mild HCK complex (2.6 MT/y) Start-up: Q3 2010 Euro V gasoil and gasoline; FCC debottlenecking

Sulphur recovery unit (190 t/d) Start up: in line with MHC Reduce refinery emission (SO2)

New Hydrogen Generation unit (81 th. Nm3/h) Start up: in line with MHC H2 generation for MHC (Phase H1)
Rijeka modernization program – Current Stage

Full 10 ppm diesel and gasoline production in H2 2010

Product yields – basis and after Phase 1

- Middle Distillates
- Motor Gasoline
- Naphta
- LPG
- Black prod. + Sulphur

**Mild HCK complex**
- (2.6 MT/y)
- Start-up: Q3 2010
- Euro V gasoil and gasoline; FCC debottlenecking

**Sulphur recovery unit**
- (190 t/d)
- Start up: in line with MHC
- Reduce refinery emission (SO2)

**New Hydrogen Generation unit**
- (81 th. Nm3/h)
- Start up: in line with MHC
- H2 generation for MHC (Phase I-II.)

Further elevation - Sisak Refinery

- Several options are under evaluation to improve Sisak refinery asset, including but not limited to the increase of crude distillation unit (CDU) capacity up till 3.5 Mtpa – final decision will be harmonized with other Group level investments

- **Full transition to Euro V diesel** is a key mid-term target

- In **short term** we are focusing on **rising profitability of existing assets** through improvement of operational availability and energy efficiency
  - Continuous operation - in Q1 2010 the longest uninterrupted operation since several years
  - Exploitation of low investment – high return options
Further elevation with residue upgrade at Rijeka

Improve product yield and profitability

RIJEKA Refinery

RIJEKA

Transform high sulphur fuel oil to valuable white products

Technologies under investigations:
• Delayed Coking
• Residue Hydrocracking

For both scenarios there are proven track records in MOL Group: DC at Danube, RHC at Bratislava Refinery

Further elevation with Residue Upgrade at Rijeka

Eliminate cca. 1 Mt Fuel Oil from the production

Project timing and exact scope depend on:
• the expected future of fuel oil (crack spread, local demand)
• green light of authorities
Further elevation with Residue Upgrade at Rijeka

Eliminate cca. 1 Mt Fuel Oil from the production

Product yields – before and after residue upgrade

- Middle Distillates
- Motor Gasoline
- Naphta
- LPG
- Black prd. + Sulphur

Project timing and exact scope depend on:
• the expected future of fuel oil (crack spread, local demand)
• green light of authorities

MOL-INA INVESTOR DAY 26-27 MAY, 2010 PULA, CROATIA

Modernisation improve profitability on high extent

Up to the Q1 of European refineries

Indicative position of Rijeka Refinery on European NCM ranking

Parallel increase in Nelson Complexity Index

Rijeka after residue upgrade
Rijeka with MHC
Rijeka 2008

MOL-INA INVESTOR DAY 26-27 MAY, 2010 PULA, CROATIA
Make the operation as efficient as possible

Right technology is not enough: proper operation is a continuous challenge for INA refineries – supported by MOL’s knowledge

- Minimize unplanned shutdowns
- Save energy, save hydrocarbons (keep the eyes on refinery losses)
- Cost cutting - Control on spendings
- Motivate the employees for savings
- Special efficiency target in money terms
- Key factor: good housekeeping behavior

Use MOL’s Experiences/BATs on Operation and Maintenance as well (e.g. Operator Training System)

Complex Group level Energy Conservation Program along the 3 pillars (Volume/Price/Optimization)

Implement strict control system
  - e.g. EIFFEL program

Clear, strictly followed KPI system

Slow, conscious process, supported by some cutting edge tools, but its generally about people’s behavior
Invest a lot... into Human Capital as well

Challenges of INA
- 15 years no investment – disruption of knowledge
- Being on a very different level
  - e.g.– 7 employees was under age 30 from 870 at RR
- Fire fighting vs. long term solutions
- Motivate colleagues
- ‘Balancing’ between help and force

Experience of SN
- Find the best organizational structure to cooperation
- Avoid ‘we know the best’ and ‘we used to do 20 years’ behavior
- Share and not only transfer Best Available Technologies
- Cooperation is needed on lower level

Full integration and gradual change in people’s mind can not be done till tomorrow...it takes years, but can be shortened in some fields

- Careful examination of the local situation
- Common organizational structure
- Create ‘One Family’ atmosphere
- Prompt start of Exchange and Succession Programs
- International rotation – learn and ‘teach’
- Standardization but on a rational way

Integrated Optimization, SCM philosophy

Market driven operation

Asset development & Technology leadership

Operational Excellence
Supply Chain Management – an integrated concept

Philosophy

- **Integrate vertical structures** (and mentalities) to achieve truly multilateral SCM behaviour for **maximized result**
- **Backbone of the information flow** vs. network of bilateral communication

Use best-in-class optimization software tailored for the processing industry. Principles:

- **7 plants** are handled in the modelling process as operational, not legal entities
- Objective function is **maximized on Group level**, not on particular entities
- Cca. 50000 variables/cells in the matrix
  - advanced mathematics for LP model

Handle all the time horizons

<table>
<thead>
<tr>
<th>Strategic Planning</th>
<th>Top Down Planning</th>
<th>Business Planning</th>
<th>Rolling Planning</th>
<th>Operational Scheduling</th>
</tr>
</thead>
<tbody>
<tr>
<td>3+ yr</td>
<td>3 yr</td>
<td>1 yr</td>
<td>3-6 m</td>
<td>week/day Execution</td>
</tr>
<tr>
<td>Strategic decisions</td>
<td>Target setting</td>
<td>Detailed setting</td>
<td>Money making</td>
<td></td>
</tr>
</tbody>
</table>

Managing bottlenecks for the highest result

**Business issues**

- Crude supply trade
- Optimal stored volume
- Seasonal and business fluctuations
- Adjusting output to market demands
- Quality as a must
- Environmental issues
- Regular planned shutdowns
- Optimal logistic solutions
- Optimal logistic capacities,
- Seasonal fluctuations in activity
- Regular maintenance shutdowns
- Secure supply of market points
- Clear market concept and actions

**“Business as usual” problems**

**Crude supply**

- Supply disruption due to mechanical malfunction
- Fluctuation in supply due to other circumstances
- Managing disruption in crude process

**Refining**

- Unplanned shutdowns (multiple problems due to interdependency)
- Inventory management, hedging

**Logistics**

- Breakdown in facilities (accident, malfunction)
- Non-mechanical disruption (high tide on rivers, railway strike, bad weather)

**Commercial**

- Unexpected fixed order refusals
- Spot orders fluctuations
- Quick changes in market demand
Supply Chain Management at work – the key for synergy exploitation

CASE STUDY 1: 15-day unplanned shutdown of RHC unit in BR
- due to quick response, security of supplying the market was not endangered at all
- by exploiting synergies, financial effect was limited to cca. USD 4.8 mn instead of cca. USD 25 mn (shutdown of the refinery)

CASE STUDY 2: 16 days unplanned shutdown of AV3 unit in DR
- due to quick response, security of supplying the market was not endangered
- by exploiting synergies, financial effect was limited to cca. USD 2.8 mn instead of cca. USD 10.8 mn

CASE STUDY 3: Lack of Rail Tank Cars (RTC) in Hungary
- due to the extra mechanical examinations of the RTCs
- 100 RTC were rescheduled from SN to MOL; financial effect was completely eliminated instead of cca. 5.85 USD mn margin loss (due to the unsatisfied market demands)

CASE STUDY 4: MOL partially replaces its high sulphur gasoil purchase from Russia with INA products
- re-optimize sales, purchases, and free capacities on Group level
- MOL take over 8-10 kt high sulphur gasoil by month from Sisak for desulphurization: reduce Russian raw material import, reduce INA’s bulk see sales: gain cca. USD 1.5 mn on Group level

Leveraging Synergies of 5 Refineries & 2 Petchem Units

- Optimized asset development programs
- Joint supply chain management
- Joint stocking and shutdown scheduling
- Increased asset utilization
- Integrated logistic infrastructure
- Feedstock and product transfer optimization
- Harmonized commercial activity
- Harmonized non-HC procurement
- Increased purchasing power
- Group level risk management
- Streamlined credit management
Summary

Improvement of INA DS along the 4 proven success factors...

Market driven operation

Integrated Optimization, SCM philosophy

Asset development & Technology leadership

Operational Excellence

...supports to become the Premium Refinery Group by 2012
Extending Outstanding Operational Excellence to Group Level

<table>
<thead>
<tr>
<th>Refining</th>
<th>Logistics</th>
<th>Commercial</th>
<th>Retail</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Yield and margin improvement&lt;br&gt;• Energy optimization&lt;br&gt;• Capacity debottlenecking&lt;br&gt;• Loss reduction&lt;br&gt;• Depot optimization&lt;br&gt;• Increase asset utilization&lt;br&gt;• Optimize delivery&lt;br&gt;• Capture market improvement potential&lt;br&gt;• Sales channel optimization / harmonization&lt;br&gt;• Best Practice/Know-how transfer&lt;br&gt;• Portfolio optimization&lt;br&gt;• Increase non-fuel revenues&lt;br&gt;• Improve overall efficiency of operations&lt;br&gt;• Crude blend optimization&lt;br&gt;• Product portfolio rationalization&lt;br&gt;• Multi refinery regional supply chain optimization&lt;br&gt;• Joint procurement&lt;br&gt;• Maintenance harmonization&lt;br&gt;• Enhancement of technology related IS systems</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Structure of EBITDA improvement

- Revenue improvement 51%
- Cost reduction 49%

Annual efficiency improvement in 2012 vs 2009: USD 160 mn EBITDA
Refining – Energy management to improve cost efficiency

Actions
- Daily monitoring and optimization of heaters and boilers operation
- Heat exchanger fouling monitoring and reduction (on line cleaning on bigger heaters)
- Regular steam leaking and insulation condition monitoring and maintenance
- Utilization of waste heat boiler on CDU
- Other (let down station reduction...)

- Inventors installation
- Power generators start-up
- Connection to 110 kV network (instead 35 KV) in Rijeka refinery
- Installation of compensators for reactive energy in Sisak refinery

- Tap water management
- Process water management - leaking prevention, water reuse, concentration cycle increase, cooling tower efficiency increase
- Waste water treatment improvements

Results / Target
- Improved heater and steam boiler efficiency
- Better heat recovery and lower fuel/water/electricity consumption
- Reducing of steam production
- Lower fuels consumption
- Reduced emissions and improved air quality
- Reduction of electricity costs
- Reduce the ratio of purchased (more expensive) electricity
- Lower cost for water
- Lower fees and taxes payments, better yields of LPG, chemicals consumption reduction
- Improvement on water quality

Refining – Production excellence and operational management to improve refinery margins

Actions
- Utilization assets within MOL Group companies (Maziva Rijeka equipment utilization, spent catalyst usage between MOL Group companies etc)
- Units debottlenecking (e.g. HDS and LCGO hydrotreater in Sisak refinery...)
- Flexibility of CDU capacity to enable continuous operations
- Regular production materials cost monitoring and optimizing
- Biofuels introduction activities

- Phase 1: Hydro cracker in Rijeka, and Isomerisation in Sisak in finalization phase
- Finalization of preparation for Phase 2
- Finalization of projects related to modernization in Rijeka and Sisak (NG pipeline, PSA unit, DDCS..)

- Put in order existing measuring devices and installation of new ones
- Daily material balance project in INA Refining
- Implement MOL methodology for loss management
- Recognize of till today undefined losses in refining
- Monitoring and preventing of flaring

Results / Target
- Reduction of production cost within INA d.d., and on MOL Group level
- Increasing of production value through improved products slate
- Stricter cost control
- Reach target for biofuels ratio in INA products portfolio
- Production of Euro V quality products
- SO2 emissions reduction
- Increasing production of “white” products
- Exploiting advantages of Rijeka refinery location

- Measurement is the first step for control
- Focus on material balance
- Work out and implement actions for loss reduction
- Reduce losses on flares (as one of key element)
### Focus on optimization and assets utilization in Logistics

<table>
<thead>
<tr>
<th>Actions</th>
<th>Results / Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depot</td>
<td></td>
</tr>
<tr>
<td>- Rationalization of existing depot structure. Focus on depots with</td>
<td></td>
</tr>
<tr>
<td>- Lower unit costs</td>
<td></td>
</tr>
<tr>
<td>- High turnover</td>
<td></td>
</tr>
<tr>
<td>- Strategic location</td>
<td></td>
</tr>
<tr>
<td>- Low investment need</td>
<td></td>
</tr>
<tr>
<td>- Increase the utilization of own RTC’s</td>
<td></td>
</tr>
<tr>
<td>- Stop usage of small trucks</td>
<td></td>
</tr>
<tr>
<td>- Reduced maintenance costs</td>
<td></td>
</tr>
<tr>
<td>- Renegotiate contracts with external contractors</td>
<td></td>
</tr>
<tr>
<td>- Improve loss control at delivery</td>
<td></td>
</tr>
<tr>
<td>- Better scheduling with using ORTEC software</td>
<td></td>
</tr>
<tr>
<td>- Improved tracking of stocks on petrol stations</td>
<td></td>
</tr>
<tr>
<td>- Optimized supply routes to petrol stations</td>
<td></td>
</tr>
<tr>
<td>- Re-optimize vessel scheduling</td>
<td></td>
</tr>
<tr>
<td>- Reduce storage cost</td>
<td></td>
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<tr>
<td>- Own key assets as competitive advantage</td>
<td></td>
</tr>
<tr>
<td>- Reduce secondary distribution costs</td>
<td></td>
</tr>
<tr>
<td>- Cost efficient and high quality services of external contractors</td>
<td></td>
</tr>
</tbody>
</table>

### Advanced Commercial efforts to extend the market

<table>
<thead>
<tr>
<th>Actions</th>
<th>Results / Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial techniques – captured market</td>
<td></td>
</tr>
<tr>
<td>- Euro V implementation in INA retail/wholesale → expansion on Bosnian and other regional markets</td>
<td></td>
</tr>
<tr>
<td>- ‘Win-win’ relationship Customer-Supplier</td>
<td></td>
</tr>
<tr>
<td>- ‘one2one’ relationship Customer-Supplier</td>
<td></td>
</tr>
<tr>
<td>- Sales representative’s mobilization and education</td>
<td></td>
</tr>
<tr>
<td>- Strategy revision (incl. Sea sales)</td>
<td></td>
</tr>
<tr>
<td>- Improve segmentation</td>
<td></td>
</tr>
<tr>
<td>- Harmonizing INA subsidiaries activities (within Ina and MOL Group as well)</td>
<td></td>
</tr>
<tr>
<td>- Organizational structure, supporting efficient commercial activities</td>
<td></td>
</tr>
<tr>
<td>- Expansion on BIH and other regional markets as quality leader</td>
<td></td>
</tr>
<tr>
<td>- Increase captured market</td>
<td></td>
</tr>
<tr>
<td>- Achieve optimal production planning</td>
<td></td>
</tr>
<tr>
<td>- Improve market knowledge by dedicate sales representatives</td>
<td></td>
</tr>
<tr>
<td>- More effective pricing / discount policy</td>
<td></td>
</tr>
<tr>
<td>- Increase direct sales to end-users</td>
<td></td>
</tr>
<tr>
<td>- Focused valuable services of segments</td>
<td></td>
</tr>
</tbody>
</table>

### Results / Target

- Share Knowledge / Experience within MOL Group on fields of...
  - customers segmentation
  - direct supply to end users
  - effective credit management
  - value added services/competitive prices
  - best practices in sales representatives education
### Priorities in overall Retail value building - Key actions I.

<table>
<thead>
<tr>
<th>Network Optimization/Development</th>
<th>Operations Efficiency Improvement</th>
<th>Fuel Card Solution Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actions</td>
<td>Results / Target</td>
<td></td>
</tr>
<tr>
<td>Establishing cost-base for site-by-site evaluation and optimization</td>
<td>Site P&amp;L based planning and performance management</td>
<td></td>
</tr>
<tr>
<td>Implement network optimization plan (value adding investments, refurbishments and tail-end rationalization)</td>
<td>Network development is carried out based on a network optimization plan</td>
<td></td>
</tr>
<tr>
<td>Optimization of working hours and opening times of filling stations based on commercial data</td>
<td>Optimized FTE level in the network</td>
<td></td>
</tr>
<tr>
<td>Rationalization of network operation costs</td>
<td>Operational costs closer to internal MOL group benchmark</td>
<td></td>
</tr>
<tr>
<td>Unify site-level IT system portfolio</td>
<td>Efficient sales management organization</td>
<td></td>
</tr>
<tr>
<td>Introduce new sales management organization following MOL Group practice (back-office, front-office)</td>
<td>Increase sales volume through fuel cards – ‘captive market’</td>
<td></td>
</tr>
<tr>
<td>Implement new competitive fuel cards sales policy</td>
<td>INA fuel proactive sales activity supported by direct marketing tools and combined with loyalty actions</td>
<td></td>
</tr>
<tr>
<td>Launch active sales of INA card products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New portfolio elements are introduced to react on market needs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Network Optimization/Development**
- Site P&L based planning and performance management
- Network development is carried out based on a network optimization plan

**Operations Efficiency Improvement**
- Optimized FTE level in the network
- Operational costs closer to internal MOL group benchmark
- Efficient sales management organization

**Fuel Card Solution Development**
- Increase sales volume through fuel cards – ‘captive market’
- INA fuel proactive sales activity supported by direct marketing tools and combined with loyalty actions

---

### Priorities in overall Retail value building - Key actions II.

<table>
<thead>
<tr>
<th>Products &amp; Services Development</th>
<th>Marketing and Loyalty Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actions</td>
<td>Results / Target</td>
</tr>
<tr>
<td>Contracting of shop suppliers with applying standard contract methodology</td>
<td>Solid contractual basis for cooperation with suppliers</td>
</tr>
<tr>
<td>Introduction of consignment sales model</td>
<td>Optimize working capital</td>
</tr>
<tr>
<td>Pricing optimization of shop products</td>
<td>Differentiated shop and fuel pricing across entire network</td>
</tr>
<tr>
<td>Implement micro-market fuel pricing</td>
<td>Category management concept applied</td>
</tr>
<tr>
<td>Roll-out category management concept to the core-network</td>
<td>Profitable gastro segment operated in harmony with overall MOL group gastro concept</td>
</tr>
<tr>
<td>Improve and create a competitive gastro offer at INA stations</td>
<td></td>
</tr>
<tr>
<td>Strengthening of loyalty activities / Best Customer Loyalty Campaigns (BCLC)</td>
<td>Trigger higher customer engagement and increase loyalty</td>
</tr>
<tr>
<td>Create long-term loyalty scheme for INA</td>
<td>Establish a multi-partner scheme for INA customers</td>
</tr>
<tr>
<td>Establish joint promotional practice with brand-owners and suppliers</td>
<td>Strengthening synergic effects with suppliers</td>
</tr>
<tr>
<td>Marketing activities supporting fuel sales</td>
<td></td>
</tr>
</tbody>
</table>

**Products & Services Development**
- Solid contractual basis for cooperation with suppliers
- Optimize working capital
- Differentiated shop and fuel pricing across entire network
- Category management concept applied
- Profitable gastro segment operated in harmony with overall MOL group gastro concept

**Marketing and Loyalty Development**
- Trigger higher customer engagement and increase loyalty
- Establish a multi-partner scheme for INA customers
- Strengthening synergic effects with suppliers

---
Supply chain opportunities

<table>
<thead>
<tr>
<th>Actions</th>
<th>Results / Target</th>
</tr>
</thead>
</table>
| Crude purchasing and blending | ➤ Usage of Spiral Crude Manager with over 850+ crude
➤ Azeri Lt., Es Sider & others considered - usage of light/sweet crude oils |
| ➤ Rollout of Euro V by July 1 |
| ➤ Reducing number of products (elimination of Leaded 98 gasoline in Sisak) |
| ➤ Synergies with MOL Group using 7 plant model (XPIMS) |
| ➤ INA collaboration with synergies to improve performance |
| ➤ Orion Scheduling and Blending Project |
| ➤ Optimize finished and feedstock inventory |
| ➤ Better crude evaluation/optimization in order to increase refinery margin |
| ➤ Ensuring better yields, Euro V products, continuous work of Sisak refinery and reduced environmental issues |
| ➤ Significantly better inventory management |
| ➤ Reduced product storage & handling costs |
| ➤ Higher flexibility of refinery operations |
| ➤ Enhanced optimization – one refinery in 2 locations concept |
| ➤ Better competitiveness |
| ➤ Crude, feed stocks, blending component transfers |
| ➤ Improved capacity utilization |
| ➤ Improving unit processing and blending optimization |
| ➤ R&M margin improvement |

HSE System overview

<table>
<thead>
<tr>
<th>Actions and result</th>
</tr>
</thead>
<tbody>
<tr>
<td>➤ Full Management and employees commitment towards HSE</td>
</tr>
<tr>
<td>➤ Incident reporting and investigation system implementation ongoing</td>
</tr>
<tr>
<td>➤ HSE KPI based reporting system under preparation</td>
</tr>
<tr>
<td>➤ Meet continuously tightening regulations</td>
</tr>
<tr>
<td>➤ IPPC - situation analysis of existing installations and study of harmonizing preparation underway</td>
</tr>
<tr>
<td>➤ SEVESO II directive - Safety reports prepared and under approval</td>
</tr>
<tr>
<td>➤ REACH obligations fulfillment ongoing</td>
</tr>
<tr>
<td>➤ CO₂ monitoring started as part of preparation activities for EU Emission Trading Scheme</td>
</tr>
<tr>
<td>➤ Volatile Organic Compounds directive and Large Combustion Plant directive – project plans under preparation</td>
</tr>
<tr>
<td>➤ HSE Policy issued, prepared HSE Management System</td>
</tr>
<tr>
<td>➤ Yearly targets and objectives prepared</td>
</tr>
<tr>
<td>➤ Implementation of continuous trainings and competence towards creating more proactive and generative HSE culture</td>
</tr>
<tr>
<td>➤ Improve relations/acknowledgement of local community</td>
</tr>
<tr>
<td>➤ Communication improvement (tool-box meetings, alerts)</td>
</tr>
<tr>
<td>➤ Dispatching centre, supervisory and preparedness teams</td>
</tr>
<tr>
<td>➤ Working instructions, alarm plans, technology adjustments</td>
</tr>
</tbody>
</table>
**Additional to contribute INA R&M excellence...**

**People and organization**
- Improve organizational commitment and enthusiasm
- Investments in skills and capabilities
- Cascade the learning throughout the organization
- Knowledge sharing through Exchange Programs within MOL Group
- Process excellence development at a tactical and operational level
- Teach strong leadership
- Performance Monitoring System implementation / KPIs to reward contribution
- Aligning organizational structure with MOL Group with adjustments to local diversity

**Business processes**
- Procurement management on MOL Group ensuring group benefits and higher purchasing power
- INA R&M ideas followed by IS activities
- Improved maintenance planning and execution to minimize number of days out of stream
- Developing human capital strategy
- Redefinition of processes and procedures for enabling more efficient operations
- Efficiency Improvement Project - tool for developing and monitoring of ideas

**External environment**
- Improve cooperation with local communities
- Closely monitor activities for EU entering and potential impact

**Summary**

Efficiency Improvement Opportunities, Business and Peoples are Interconnected
Overview of MOL Group’s business

- Integrated business made MOL more recession resilient
- Increasing integration by gaining operational control over INA
- Integrated supply chain optimization

- MOL’s core region is balanced in gasoline and short in diesel
- Strong position in a landlocked market
- Extended logistic system – diversified crude supply

- Upstream has one of the lowest lifting cost among the European E&P players
- Duna and Bratislava refineries in top performer position since 2003
- Extending MOL’s efficiency level to Group level

- On long-term natural hedged FX exposure
- Prudent Net Debt / EBITDA below 2
- Strong liquidity

- Stable management
- Track record in integration
- Experience in cost efficiency decisions
**Slow recovery from the recession**

<table>
<thead>
<tr>
<th>Main external parameters</th>
<th>Average 2005-09</th>
<th>2009</th>
<th>2010E</th>
<th>2011E</th>
<th>2012E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent dated (USD/bbl)</td>
<td>70.2</td>
<td>61.7</td>
<td>70</td>
<td>80</td>
<td>90</td>
</tr>
<tr>
<td>Brent-Ural spread</td>
<td>2.7</td>
<td>0.77</td>
<td>1.5</td>
<td>1.75</td>
<td>2</td>
</tr>
<tr>
<td>Crack spread – premium unleaded/gasoline (USD/t) FOB ROTT</td>
<td>122.1</td>
<td>112.5</td>
<td>90</td>
<td>75</td>
<td>60</td>
</tr>
<tr>
<td>Crack spread – gas oil/diesel (USD/t) FOB ROTT</td>
<td>129.8</td>
<td>68.3</td>
<td>95</td>
<td>120</td>
<td>140</td>
</tr>
<tr>
<td>Crack spread – naphtha (USD/t) FOB MED</td>
<td>50.4</td>
<td>48.6</td>
<td>30</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td>Integrated petrochemical margin (EUR/t)</td>
<td>419.6</td>
<td>304</td>
<td>402</td>
<td>480</td>
<td>541</td>
</tr>
<tr>
<td>HUF/USD average</td>
<td>193.6</td>
<td>202.3</td>
<td>188</td>
<td>186</td>
<td>179</td>
</tr>
</tbody>
</table>

- Moderate increase in oil price
- Higher gas oil crack spread and lower gasoline crack spread in line with higher demand expectations
- Stable HUF vs. USD

**Existing portfolio has significant EBITDA generation potential**

- **Upstream**
  - Focusing on key cash generation development projects
  - Increase production to 140-145 Mboe/d
  - Exploration to further increase the reserve base

- **Downstream**
  - Become the most efficient downstream group in Europe
  - Group level optimisation of upgrade projects
  - Joint optimisation of 5 refineries and 2 petchem units
  - Efficient retail to ensure captive market for refining

- **Other energy**
  - Gas storage operation providing stable cash flow
  - Focus on TPP revamp as first experience in power business

- **Gas transmission**
  - Became a regional hub with connection to neighbouring countries
  - Double transit volume

**EBITDA capacity 2012: USD 4.1 bn**

* Excluding special items
Disciplined CAPEX program

2010-12 CAPEX plan by segments

- **Upstream – USD 2.6 bn**
  - Focus on high return development projects
  - Conventional and unconventional exploration targeting significant resource base
  - Key regions: Syria, Hungary, Kurdistan, Croatia and Russia

- **Downstream – USD 2.0 bn**
  - Group level optimisation of refinery upgrade projects
  - Top priority objective is to elevate INA refineries’ performance to MOL superior DS performance

- **Petrochemicals – USD 0.3 bn**
  - Focus on maintenance and sustain safe operation

- **Other energy – USD 0.2 bn**
  - Revamp of Slovnaft TPP

- **Gas transmission – USD 0.6 bn**
  - Croatian-Hungarian interconnection

USD 6.2 bn CAPEX plan for 2010-12 dedicated to normal operation
Potential to grab further growth projects depending on cash flow generation

2009 - Resilient earnings and significant covenant headroom

**EBITDA**

- 2005: 2,144 USD mn
- 2006: 2,577 USD mn
- 2007: 2,699 USD mn
- 2008: 2,044 USD mn
- 2009: 2,312 USD mn

**Total Debt/Total Assets**

- 2005: 19%
- 2006: 10%
- 2007: 26%
- 2008: 31%
- 2009: 26%

**Tangible Net Worth**

- 2005: 999 HUF BN
- 2006: 1,179 HUF BN
- 2007: 808 HUF BN
- 2008: 1,040 HUF BN
- 2009: 1,528 HUF BN

**Net Debt/EBITDA**

- 2005: 0.89
- 2006: -0.35
- 2007: 1.02
- 2008: 1.96
- 2009: 1.66

Source: MOL
Well balanced funding portfolio targets further diversification

Committed funding portfolio (facilities)

- 4 syndicated revolving loan facilities (EUR 3.8 Bn)
- 2015 and 2017 Eurobond (EUR 750 mn each)
- Magnolia hybrid (EUR 610 mn) with step-up in 2016
- Significant headroom available Only unused medium term facilities are up for refinancing until 2012

Maturity Profile of outstanding debt

As of 31 March, 2010, MOL owned 7.1% treasury shares.

MOL Group liquidity under the loan agreements

MOL Group Long term debt and available cash

Key financing tasks ahead

- Maintaining financial flexibility and headroom
- Diversification of funding sources
- Enhancement of the maturity profile
- Safe and smooth refinancing process
- Optimization of the financing cost
INA’s financial position

**EBITDA (HRK bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3.0</td>
<td>2.5</td>
<td>3.3</td>
<td>3.6</td>
<td>4.0</td>
</tr>
</tbody>
</table>

**Capital expenditure (HRK bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010 E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>2.1</td>
<td>3.0</td>
<td>2.9</td>
<td>4.4</td>
<td>4.5</td>
<td>3.4</td>
</tr>
</tbody>
</table>

**Total debt (HRK bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>4.0</td>
<td>3.6</td>
<td>3.3</td>
<td>2.5</td>
<td>3.0</td>
</tr>
</tbody>
</table>

**Overdue liabilities towards the State (HRK bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Nov 2009</th>
<th>End of 2009</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>2.2</td>
<td>1.5</td>
<td>1.3</td>
<td>1.3</td>
<td>0.8</td>
<td>0.7</td>
</tr>
</tbody>
</table>

2010 CAPEX should be fully financed by EBITDA

INA’s results improve continuously

**Operating profit excl. special items (HRK mn)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2009 Q1</th>
<th>2009 Q2</th>
<th>2009 Q3</th>
<th>2009 Q4</th>
<th>2010 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>-179</td>
<td>-174</td>
<td>-263</td>
<td>-244</td>
<td>-200</td>
</tr>
</tbody>
</table>

- Strong improvement in Upstream in line with recovery in oil price and increasing production. Further improvement is expected in line with growing production.
- Weak Downstream result should improve as a result of efficiency improvement and refinery modernisation.
- Loss on gas trading business is expected to remain around Q1 level for the full year.
**Results and challenges in Finance area**

**Our results already achieved**
- INA has set up an Investment Committee in line with MOL practice to control spending
- Several cost cutting actions were initiated
- Reliable planning and strict monitoring of the results and cash flow
- INA has contracted several bank loans in 2010 in the total value of HRK 1.1 bn to decrease overdue liabilities towards Croatian State
- INA’s risk management practice has been reviewed and agreed with MOL Group
- Improved co-operation and expert level exchange program with MOL

**Key challenges**
- Current level of overdues: HRK 0.7 bn towards state and HRK 0.8 bn towards suppliers
- Settlement of the high level of overdue trade receivables
- New financing is required for the settlement of overdue liabilities as EBITDA is not sufficient to finance it together with CAPEX

**Actions to be taken**
- Involvement of new financing to overcome liquidity crisis
- Decrease the cost of financing
- Improved debt collection
- Strengthen financial control on INA Group level